United Nations A/57/7/Add.2

General Assembly

Distr.: General
10 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Strengthening the Department of Public Information, within the existing capacity, in order to support and enhance the United Nations web site in all official languages of the Organization

Third report of the Advisory Committee for Administrative and Budgetary Questions

1. The Advisory Committee has considered the report of the Secretary-General on the support and enhancement of the United Nations web site in all official languages of the Organization (A/57/355). During its consideration of the matter, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General is submitted in response to paragraph 145 of General Assembly resolution 56/253 of 24 December 2001, in which the Assembly requested the Secretary-General to submit concrete proposals on strengthening the Department of Public Information within existing resources in order to support and enhance the United Nations web site in all official languages of the Organization.

3. The Advisory Committee recalls that the Organization's web site was created in 1995 through the redeployment of staff and non-staff resources from several areas of the Department. As indicated in the Secretary-General's report (A/57/355, para. 4), for the biennium 2002-2004, the General Assembly allocated resources for this activity in the amount of $3,462,400, including: 17 redeployed regular budget posts (11 Professional (1 P-5, 2 P-4, 6 P-3, 2 P-2) and 6 General Service); and operational requirements for the Information Technology Section of the Department, which is responsible for web-related activities. In addition, there is a provision under general temporary assistance for one P-2 and four General Service posts, as well as funding from extrabudgetary resource for one P-3 and three General Service posts. The staffing structure is shown in the report of the Secretary-General (A/57/355, para. 5).

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4. In his report, the Secretary-General indicated that the current resource capacity of the Department is barely at the maintenance level, and is not adequate to sustain the rapid expansion in the use of the web site or to keep pace with the daily addition of new material occurring in all the official languages (A/57/355, para. 8). The Department cannot, therefore, absorb the additional costs required to ensure the management of the enhanced content in all six official languages. The Committee notes that the number of web site accesses recorded for 2001 totalled 1.12 billion, compared to 488 million in 2000 (see A/AC.198/2002/6, para. 8, table).

5. In his report, the Secretary-General indicated that a total amount of $1,297,500 would be required to ensure the "continued development, maintenance and enrichment of the web site in all official languages" (A/57/355, paras. 8 and 19). The breakdown of the resource requirements is contained in the annex to that report. As shown, provision is made for eight new Professional (6 P-4, 2 P-3) and six General Service posts, including the conversion of the three General Service positions funded from general temporary assistance (see para. 3 above) into established posts. Two Professional staff members would be allocated to each language, thus ensuring language site coverage at all times.

6. The Advisory Committee notes that the proposal under consideration is in line with action 2 (A/55/355, para. 9), which was presented as the most desirable and feasible course of action in the latest report of the Secretary-General on the issue of the development and enhancement of the United Nations web site in all the official languages of the Organization (A/AC.198/2002/6). This action would "Allow the web sites to develop independently in each language, on the basis of the resource capacities of author Departments and Offices", compared to the more costly action 1, which would "Replicate all materials on the English web site in the other language sites".

7. The Advisory Committee commends the Secretary-General for the work achieved so far regarding the web site of the Organization and recognizes the importance of the web site as an outreach tool, as well as the importance of language parity as a means towards serving a broader spectrum of users. The Committee reiterates its view, expressed in its first report on the proposed programme budget for the biennium 2002-2003 (A/56/7, para. VII.11), that a pragmatic and realistic approach to this matter is required. In this connection, the Committee also notes from the Secretary-General's report that the Committee on Information was not able to reach any decision on the issue of parity on the web site, requesting another report on the most practical, efficient and cost-effective means of achieving parity for all official languages of the web site (A/57/355, para. 15). The Committee further notes that in his report the Secretary-General, while reaffirming that action 2 appears as the most feasible, indicated that, within those cost parameters, there would be a need for prioritizing by exempting certain elements of the web site from translation requirements, such as treaties and press releases, which would continue to be provided in the languages in which they are currently issued (A/57/355, para. 16). This would require a decision by the General Assembly.

8. Should the General Assembly agree with the proposal to proceed along the lines set out in action 2, the related budgetary requirements are estimated at up to $1.3 million (see para. 5 above). **However, in view of the ongoing review of the Department of Public Information and consideration by the General Assembly of the proposals contained in the Secretary-General's recent report on the**

strengthening of the United Nations agenda for further change (A/57/387), the Advisory Committee recommends that the Secretary-General proceed to implement his proposal on the web site and report on the budgetary requirements, if any, in this regard in the context of the second performance report for the biennium 2002-2003.

United Nations A/57/7/Add.3

General Assembly

Distr.: General
11 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Plan to increase the regular budget component of the United Nations Office at Nairobi

Common services

Trends in extrabudgetary resources at the Economic Commission for Latin America and the Caribbean and the impact on its capacity to carry out the programme of work

Delivery of advisory services

Decentralized budgetary and financial arrangements for central services

Cooperation between headquarters departments and regional commissions

Fourth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee has considered the reports of the Secretary-General on the following: plan to increase the regular budget component of the United Nations Office at Nairobi (A/57/362); common services (A/57/176); trends in extrabudgetary resources at the Economic Commission for Latin America and the Caribbean and the impact on its capacity to carry out the programme of work (A/57/364); delivery of advisory services (A/57/363); and decentralized budgetary and financial arrangements for central services (A/57/348); and the note by the Secretary-General on cooperation between headquarters departments and regional commissions (A/57/361). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

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A. Plan to increase the regular budget component of the United Nations Office at Nairobi

2. The report of the Secretary-General (A/57/362) is submitted pursuant to a request contained in paragraph 161 of General Assembly resolution 56/253 of 24 December 2001 that the Secretary-General report on his plan for the upcoming bienniums for gradually increasing the regular budget component of the United Nations Office at Nairobi, with a view towards easing the administrative costs levied on the substantive programmes of the United Nations Environment Programme and the United Nations Human Settlements Programme.

3. The Advisory Committee notes, however, that the Secretary-General in his report reflected the efforts that had been made in this regard during the past three bienniums, indicating that further proposals to strengthen the United Nations Office at Nairobi would be submitted in the context of the proposed programme budget for the biennium 2004-2005. In this connection, in his proposed programme budget outline for the biennium 2004-2005, the Secretary-General states that resources are foreseen to strengthen peace-building, human rights and humanitarian assistance, the economic and social sector, as well as conference-servicing and the United Nations Office at Nairobi (see A/57/85, para. 6).

4. **The Advisory Committee recommends that the General Assembly endorse the approach proposed by the Secretary-General in his report.**

B. Common services

5. The Advisory Committee considered the report of the Secretary-General on common services (A/57/176). The representatives of the Secretary-General provided the Committee with additional information on and clarification of the issues under consideration. The Committee takes note of the status of the technical working groups of the Task Force on Common Services and encourages greater cooperation, especially in such areas as travel and the development of procurement-dedicated web sites. The Committee intends to revert to this matter in the context of its consideration of section 27D, Office of Central Support Services, of the proposed programme budget for the biennium 2004-2005.

C. Trends in extrabudgetary resources at the Economic Commission for Latin America and the Caribbean and the impact on its capacity to carry out the programme of work

6. The report of the Secretary-General (A/57/364) is submitted in response to a request made in paragraph 121 of General Assembly resolution 56/253 for the submission of concrete proposals to address the impact of declining extrabudgetary resources for the Economic Commission for Latin America and the Caribbean.

7. The Advisory Committee welcomes the presentation of the report, which contains information on the evolution of extrabudgetary resources during the past three bienniums, the overall extrabudgetary resource trend, the experience in extrabudgetary resource mobilization during the biennium 2000-2001, the main

sources of extrabudgetary resources and restrictions to the expansion and diversification of such resources.

8. The Advisory Committee notes from the information provided in tables 1 and 2 of the report that, in spite of variations between projected and actual expenditures from one biennium to the next, there has been an increase in extrabudgetary resources during the past three bienniums — from $16.5 million in actual expenditures in 1996-1997 to $20.0 million in 2000-2001. The variations are due to uncertainties inherent in making projections based on pledges two years in advance of the actual execution of the programme of work, as well as exchange rate adjustments. The Committee referred to the difficulty of forecasting extrabudgetary resources in its first report on the proposed programme budget for the biennium 2002-2003.[1]

9. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.**

D. Delivery of advisory services

10. The report of the Secretary-General (A/57/363) is submitted pursuant to paragraph 94 of General Assembly resolution 56/253, in which the Secretary-General was requested to consider, with respect to the delivery of advisory services to Member States, avoiding duplication and achieving optimum and effective use of resources.

11. Despite the general information given, the report does not specifically address the request of the General Assembly. It is the intention of the Advisory Committee to follow up on this issue in the context of the proposed programme budget for 2004-2005.

E. Decentralized budgetary and financial arrangements for central services

12. The report of the Secretary-General (A/57/348) is submitted pursuant to paragraph 37 of General Assembly resolution 56/253, in which the Secretary-General was requested to study the possibility of introducing a practice whereby user departments within the United Nations Secretariat would bear increased responsibility for paying for services currently borne centrally under section 27, Management and central support services, of the budget. The report outlines the measures already in place for decentralized funding of central services and provides a review of advantages and disadvantages of decentralized funding arrangements, as well as the potential for further decentralized funding of central services. The Advisory Committee welcomes this analysis and the subsequent steps that have been taken.

13. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General. The Committee requests the Secretary-General to remain seized with the matter and to submit such proposals as he deems necessary in the context of the programme budget for 2004-2005.**

F. Cooperation between headquarters departments and regional commissions

14. The note by the Secretary-General (A/57/361) is submitted pursuant to paragraph 69 of General Assembly resolution 56/253, in which the Secretary-General was requested to further enhance cooperation between relevant headquarters departments and regional commissions in order to ensure the quality of output and services to Member States and to address the duplication and overlap of services, where they existed, and to improve the efficiency of programme support activities. The note by the Secretary-General contains no substantive information.

15. The Advisory Committee notes from paragraph 2 of the note that the report of the Secretary-General to the Economic and Social Council on regional cooperation in the economic, social and related fields (E/2002/15) addresses the issue of cooperation between headquarters departments and regional commissions. During the hearings, the Committee was informed that the issue was a relevant item on the agenda of the Second Committee and that it would be considered by the General Assembly in the context of the report of the Secretary-General on strengthening of the United Nations: an agenda for further change (A/57/387).

Notes

[1] *Official Records of the General Assembly, 56th session, Supplement No. 7* (A/56/7), paras. 57-58.

United Nations A/57/7/Add.4

General Assembly

Distr.: General
11 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Capital master plan

Fifth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the capital master plan (A/57/285). In the course of its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification. The Committee also took into account the report of the Joint Inspection Unit entitled "Management of buildings: practices of selected United Nations system organizations relevant to the renovation of the United Nations Headquarters" (A/56/274).

2. In June 2000, the Secretary-General submitted a report to the General Assembly proposing a major refurbishment of the United Nations Headquarters complex in New York (A/55/117 and Add.1). In that report, the Secretary-General indicated that the current "reactive approach" to maintaining the Headquarters and undertaking the required remedial work as and when needed was inefficient and would become excessively expensive as the buildings aged further. The Secretary-General thus proposed a long-term capital master plan, to be implemented over a period of six years, to remedy those deficiencies in a comprehensive, systematic and cost-effective manner. In its related report,[1] the Advisory Committee commented on the need to protect the Organization against cost overruns and on the need for close coordination with local authorities with regard to health and safety requirements at all stages of the capital master plan. The Committee also cautioned against presenting improvement and expansion plans that would be unrealistic or overly ambitious. The Committee's observations and recommendations were endorsed by the General Assembly in section IV of its resolution 55/238 of 23 December 2000. **The Committee recognizes the efforts that have been made so far in response to its concerns.**

3. In the same resolution, the General Assembly also authorized, without prejudice to its final decision, the preparation of a comprehensive design plan and detailed cost analysis for the capital master plan and appropriated $8.0 million for that purpose; moreover, the Assembly requested the Secretary-General to submit a report on the outcome of the comprehensive design plan and detailed cost analysis, including details of measures designed to protect the Organization from cost overruns, and to ensure that the preparation of the plan and cost analysis would identify all viable alternatives in the most cost-effective and efficient manner.

4. According to the Secretary-General, the updated projected cost of the reactive approach over the period 2005-2029 is currently estimated at $2,088 million, an increase of $444 million over the original estimate, due to a significant increase in energy costs and a change in the project start date to October 2004 (see A/57/285,

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para. 3). The Secretary-General also indicates that although in theory the reactive approach could remain an option at least in the short term, in practice such an approach would subject delegates, staff and visitors to serious safety and security hazards and involve serious interruptions of the work of the Organization due to building, equipment and system failures (ibid., para. 76). **The Advisory Committee shares the Secretary-General's assessment of the reactive approach and his view that there is no choice but to proceed with the implementation of the capital master plan and that the only question remaining is how to implement it in the most efficient and cost-effective manner.**

5. As can be seen from the diagram of the preliminary design phase process (ibid., para. 10), the project team has evaluated more than 60 alternatives; over 40 were rejected and about 20 represent the basis upon which the capital master plan proposal was refined. The Secretary-General indicates that in order to proceed with the plan, the scope of work should be established, through a decision by the General Assembly, on two elements: (a) the baseline scope of work consisting of core refurbishment and improvements estimated to range from $991 million to $1,094 million, depending on phasing options; and (b) three additional areas of expenditure ("scope options") totalling $180 million (additional security options estimated at $30 million, redundancy and contingency options estimated at $75 million and sustainable innovation options estimated at $75 million) (ibid., para. 35).

6. The report of the Secretary-General also contains information on the core refurbishment programme of the baseline scope. The Advisory Committee observes that the replacement of the Secretariat building's window assembly (the "curtain wall"), which is currently being treated as a scope option, may become a baseline necessity, depending on the outcome of the testing and assessment. Accordingly, the cost of the baseline scope would be increased by $36 million, and the cost of the scope options would be reduced by an equivalent amount (ibid., paras. 17-18). Partially offsetting this additional cost would be a downward adjustment of $17 million for previously approved security measures.

7. The improvements included in the baseline scope are the expansion and improvement of meeting facilities; the addition of a new full-sized conference room and a multi-purpose room; consolidation of information technology service spaces; and improvement of public spaces, complementing the project to improve the experience of visitors to the United Nations (ibid., paras. 19-28). The Advisory Committee was informed, upon enquiry, that the cost of the new conference room and multi-function hall was estimated at $57 million; the cost of improving meeting facilities and consolidating technology service spaces was estimated at $12 million; and the cost of improving public areas was estimated at $11 million. It is currently anticipated that conceptual design work for the visitors' experience project will begin in December 2002 in order to prepare a further report in response to General Assembly resolution 56/236 of 24 December 2001 (ibid., para. 28). The initial comments of the Committee on the project are contained in its first report on the proposed programme budget for the biennium 2002-2003.[2] The Committee will submit its further comments and recommendations on the visitors' experience project following its review of the report on the subject to be prepared by the Secretary-General.

8. **The Advisory Committee recommends that the General Assembly approve the implementation of the capital master plan on the basis of the baseline scope proposed by the Secretary-General. The total cost should be adjusted to reflect a reduction of $17 million previously appropriated for security measures.**

9. **Furthermore, the Committee recommends that the General Assembly approve the proposed scope options for additional security, improved redundancy and enhanced sustainability, bearing in mind that the condition of the Secretariat building's curtain wall may necessitate the inclusion of $36 million for its replacement in the baseline rather than as a scope option, with the corresponding reduction of $36 million in the estimated cost of the scope options.**

10. According to the Secretary-General, the selected scope of work can be implemented in a number of different ways, and the need for temporary swing space will change accordingly. The Secretary-General outlines the following two approaches through which the capital master plan can be implemented:

(a) First approach: to vacate most if not all of the Headquarters complex, which would require a substantial amount of so-called swing space, and to carry out the refurbishment programme as expeditiously as possible (ibid., paras. 40-42);

(b) Second approach: to carry out the planned refurbishment in an incremental manner, with a minimum of swing space requirements (ibid., paras. 43-47).

11. According to the Secretary-General, the first approach would be the most desirable from the standpoint of the possible impact of the refurbishment programme on the Organization's work, the project's cost and duration, cost overruns and the perceived environmental implications for delegates, staff and visitors during implementation; moreover, the cost of the capital master plan would be reduced by $73 million and the refurbishment period would be shortened by at least one year in comparison with the second approach (ibid., paras. 77 and 79).

12. In July 2002, the City of New York expressed its readiness to support the capital master plan project and indicated its willingness to consider the construction of a new building during the years 2004 and 2005 through the United Nations Development Corporation (UNDC) (ibid., para. 40). The new building, proposed to be built on the east side of First Avenue between 41st and 42nd Streets, which is currently a playground could be utilized as swing space. Use of the site would require that the City make some provision for park amenities to the community to compensate for the loss of the playground. Considerations for possible financing of the building are set out in annex I.

13. The Advisory Committee was also informed that UNDC estimates the construction cost of the swing space building at $315.8 million. This cost does not include the potential cost of eventually converting meeting space in the new building to office space (estimated at $15-$25 million), pending a decision by the United Nations on whether any meeting rooms would remain in the new building. As indicated in the report of the Secretary-General (ibid.), the size of the building would range from 750,000 to 800,000 square feet. However, in additional information provided to the Committee, the size of the building is indicated to be 900,000 square feet. The Committee sought clarification as to the size of the swing space building. The Secretariat clarified that the initial information provided to the United Nations capital master plan team by New York City and UNDC was that the building could be approximately 800,000 square feet. Further analysis by the UNDC design team has indicated that it would be possible to construct on the site a building of up to 900,000 square feet. The final size of the building would be known once the design and planning process had been completed. The Secretariat anticipates that the new building will be between 800,000 and 900,000 square feet. The new building would provide significant swing space and house the majority of both Secretariat and conference and meeting room functions during the refurbishment of the entire Headquarters complex from December 2005 to December 2009. **The Committee is of the view that the size and design of the building should be in harmony with the Headquarters complex and that the building should be of such quality that it would meet the highest industry standards and provide sufficient flexibility to accommodate the foreseeable future needs of the Organization.**

14. The Advisory Committee was informed, upon enquiry, that the preliminary estimate of the cost of purchasing the building after the construction is completed in 2005 is $335 million, including building costs of $315.8 million and construction loan and management costs of $19.2 million.

15. Another option would be a lease purchase agreement under which the United Nations would lease the swing space building from UNDC at an annual cost of $24 million (based on $30 per square foot for 800,000 square feet), for a total cost of $96 million for the four-year period from December 2005 to December 2009. **The Advisory Committee points out that this is a preliminary estimate, as both the rental price and the size of the space may vary (see para. 13 above).** If the United Nations entered into a lease purchase agreement, the ownership of the building and the land would be transferred to the United Nations at the end of the bond period (see additional information in annex I).

16. The United Nations functions would return to the existing Headquarters complex in January 2010. As indicated in the report, after completion of the capital master plan, the new building could be used to consolidate the space currently leased by the United Nations in the UNDC-1 and UNDC-2 buildings, as well as in overflow offices located in commercially leased premises, with the objective of obtaining a

rental rate comparable to that which is currently being paid by the United Nations for the UNDC buildings (ibid., para. 41). The Advisory Committee was informed that the consolidation of the leased spaces after the completion of the plan in 2010 (assuming that part of the United Nations Development Programme would also be relocated to the new building) would result in the avoidance of annual rental costs for UNDC-1, UNDC-2 and other rented buildings at Headquarters that would be comparable to the $24.8 million cost of leasing the new building.

17. **The Advisory Committee points out that there are a number of costing variables that would have to be clarified if and when detailed estimates for this approach are presented in future. For example, the information concerning the provision of conference space in the new building and its impact on the baseline cost remains to be clarified in the context of the detailed proposal on the new building (see annex I, para. 9). Moreover, as shown in annex I and referred to in paragraphs 13 and 15 above, there still remain potential variables with respect to the size of the building and the rental cost. In addition, the Committee points out that at some stage, the question of maintenance will have to be addressed, as well as the problem of providing adequate parking facilities for delegations and staff. The detailed proposals to be submitted should address both of those issues.**

18. The second approach is characterized by the fact that the planned refurbishment would be implemented in an incremental manner, with a minimum of swing space requirements (ibid., paras. 43-47). Under this approach, there would be no need for the construction of a large building, as contemplated under the first approach. As shown in tables 3 and 4 of the report, the estimated cost of baseline scope and swing space under this approach would amount to $1,160 million, assuming an estimated six-year duration of the capital master plan. The Advisory Committee notes that the second approach would cause the least disruption of the meeting programme; however, the risk of cost overruns, delays, disturbance and perceived risk of exposure to asbestos is the highest under this approach (ibid., para. 46).

19. **The Advisory Committee shares the view of the Secretary-General that the first approach is the most desirable way of implementing the capital master plan.**

20. **Taking into account the fact that the cost of the capital master plan will escalate at the rate of $35 million to $40 million per year in the event of a delay (see ibid., para. 67), the Advisory Committee points out that delays in the implementation of the plan due to difficulties encountered in any phase of its development could have a significant impact on the cost of the project. The Committee requests that, if necessary, representatives of the Secretary-General work with all partners involved to plan for ways and means of minimizing any impact on the cost of the project.**

21. **In this regard, the Advisory Committee, in recommending the first approach, recognizes the importance of the goodwill of the host city and encourages the Secretary-General to work with it to minimize the financial impact of any delay.**

22. The management aspects of the project are outlined in the report (ibid., paras. 48-57 and annexes II and III). The management structure of the capital master plan would consist of three main components: the programme management group, the architectural and engineering team and the construction management team (ibid., para. 49). In the design development and construction documentation phases, the architectural and engineering design team would take the substantive lead, with the construction manager providing advice. In the final two phases, procurement and construction, the construction manager would take the lead, particularly in the construction phase, when he or she would direct the construction contractors. The management team would receive support from concerned offices and departments in the areas of legal services, treasury, human resources, procurement, public information, conference services and other services (ibid., para. 52).

23. The Advisory Committee notes that the cost of the three management components is included in the capital master plan project budget in the amount of $22.5 million in the first year and $22 million in the second year of the remaining design phases, when the bulk of the architectural and engineering design fees would be required (ibid., para. 56). The Committee was provided, upon request, with the breakdown of those amounts, which is contained in annex II. **The Committee sought information on the management team, including categories of staff, the method of recruitment, their functions and the duration of their contracts. Information provided by the**

Secretariat in response to the Committee's request is contained in annex III.

24. The Secretary-General proposes to appropriate an amount of $22.5 million under section 31, Construction, alteration, improvement and major maintenance, of the programme budget for 2002-2003 and to make provision for a further $22.0 million under the proposed programme budget for 2004-2005 (ibid., para. 84 (i)-(j)). **The Advisory Committee recommends instead the establishment of a separate and distinct special account for income and expenditures related to the capital master plan. The account would be managed in the same way as the construction-in-progress account now in use. If this proposal is accepted by the General Assembly, the Committee further recommends that the amount of $22.5 million referred to above be appropriated to the special account, followed by a further appropriation of $22 million upon such proposal by the Secretary-General.**

25. With respect to the issue of financing the proposed capital master plan (ibid., paras. 63-69 and 82), the Secretary-General indicates that serious consideration should be given to financing the plan through an interest-free loan from Member States, without prejudice to the Secretary-General's continuing efforts to mobilize financial resources from both public and private sectors. Failing that, consideration should be given, in the view of the Secretary-General, to resorting to commercial borrowing through bond issues. **In this connection, the Advisory Committee points out that the Organization has not resorted in the past to commercial borrowing, and it does not find any compelling reason to change that practice. In any case, the funding arrangement should be developed as soon as possible after the various negotiations with the host authorities are completed and the projected final cost is known accurately; the funding arrangement should be reported to the General Assembly for its approval.**

26. The Advisory Committee notes the fund-raising activities referred to in the report (ibid., para. 68). **Information on those efforts should be provided in the detailed proposals to be submitted by the Secretary-General.**

27. **The Advisory Committee requests that the Secretary-General ensure that the relevant United Nations financial regulations and rules, staff regulations and rules and procurement and contractual rules and procedures be strictly applied at all stages of the capital master plan project.**

28. **The Advisory Committee stresses the importance of oversight with respect to the development and implementation of the capital master plan. To that end, the Committee trusts that both the Internal Audit Service of the Office of Internal Oversight Services and the Board of Auditors will ensure adequate oversight of the project from the beginning to its completion. The Committee also requests that the General Assembly be provided with progress reports on an annual basis on the project containing comprehensive information on project implementation.**

29. The Advisory Committee notes that an advisory board, which was originally referred to as a "financial advisory group" in the previous report of the Secretary-General on the capital master plan (A/55/117, para. 18), is currently being formed to provide advice on overall project issues (A/57/285, para. 66). The Committee was informed that the advisory board would also focus on issues related to a new UNDC building, including architectural integrity and harmony, as well as the linkage with the visitors' experience project. **The Committee welcomes this development.**

30. **The Advisory Committee welcomes with appreciation the offer of support from the City of New York in the implementation of the capital master plan. The General Assembly may wish to encourage further cooperation with the relevant authorities of the host country, as appropriate, at each stage of the development and implementation of the plan, including on the financing options for the project. Furthermore, the Assembly may wish to encourage Member States and private donors to offer voluntary contributions, both in cash and in kind, for the financing of the project.**

Notes

[1] A/55/7/Add.4, paras. 5-7. For the final text, see *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 7*.

[2] *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 7* (A/56/7), paras. 103-113.

Annex I

Responses to questions raised by the Advisory Committee on Administrative and Budgetary Questions on the capital master plan

(24-26 September 2002)

1. The following clarifications are offered with regard to the swing space aspect of the first approach, representing relocation of all meeting space and Secretariat building offices in accordance with the proposal by the City of New York to construct a new building on First Avenue, between 41st and 42nd Streets. The estimates are in preliminary form and have been developed on the basis of elements to be discussed with the host authorities.

A. New swing space and consolidation building proposal

2. The United Nations Development Corporation (UNDC) would issue bonds to fund the construction of a new building, "UNDC-5", as well as the cost of an esplanade along the East River as mitigation for the loss of the playground site. The bonds would be repaid by the funds received from United Nations lease payments.

3. UNDC would construct the building during the years 2004 and 2005.

4. The esplanade would be constructed by the City of New York, with funding from the UNDC bonds.

5. Refurbishment under the capital master plan would begin in October 2004, with the first year involving infrastructure and site work not requiring relocation.

6. United Nations functions would relocate from the existing Headquarters complex into UNDC-5 for the period from December 2005 to December 2009. During this period, the United Nations would lease the space from UNDC. This is the cost of swing space for the first approach. (See "lease calculation" below.)

7. United Nations functions would return to the existing complex in January 2010.

8. Personnel would be relocated from all of UNDC-1 and UNDC-2, as well as from commercially leased spaces, into the new building. (See office space summary table below.)

9. During the period when the building is being used as swing space, temporary meeting facilities would be created in UNDC-5. Those facilities would be converted to office space once meeting functions were transferred back to the existing complex. (There is an opportunity to allow two large rooms to remain as meeting rooms: one to be used as a large conference room and the other to be used as a multi-purpose room. In that case, those two new rooms would not be required as part of the baseline scope of the capital master plan. This would result in a reduction in cost of approximately $57 million.)

10. The building would be occupied under a lease purchase arrangement. At the end of the bond period (see para. 18 below), the ownership of the building and the land would be transferred, without any cost, to the United Nations.

11. For purposes of this presentation, it is assumed that most United Nations Development Programme offices are included in the relocation.

B. Swing space period lease calculation

12. The following assumptions were used in estimating the lease cost of UNDC-5 for the swing space period in the report of the Secretary-General (A/57/285):

Size of UNDC-5	800 000 ft^2
Annual cost per square foot	$30
Annual cost	$24 million
Number of years required	4 years
Total cost	**$96 000 000**

C. Estimated lease costs

13. The following information, which is based on the preliminary estimates prepared by UNDC, became available following submission of the report of the Secretary-General:

Estimated lease costs (millions of United States dollars)

UNDC-5	*2005*	*2010*	*2013*	*2018*
Estimated fixed rent	27.59	27.59	27.59	27.59
Estimated operating rent	5.42	6.96	7.95	9.80
Total	**33.01**	**34.55**	**35.54**	**37.39**

14. Following is comparable information for UNDC-1 and UNDC-2, in accordance with current leases. UNDC estimates that the UNDC-5 building would be 15 per cent more efficient than the UNDC-1 and UNDC-2 buildings, resulting in a smaller space requirement. If so, the adjusted figure for comparison purposes would be as noted below:

Estimated lease costs (millions of United States dollars)

	2005	*2010*	*2013*	*2018*
UNDC-1 and UNDC-2				
Projected average rent under current leases	26.30	30.80	34.49	40.14
UNDC-5				
Comparable rent, reflecting greater efficiency due to more efficient floor plan in comparison with UNDC-1 or 2	29.41	30.95	31.94	33.79

15. Current asking rents in Manhattan average $54 per square foot.

D. Cost estimate for new building

16. UNDC advises that a 900,000 square foot building would be feasible on the site. Should the United Nations agree to a building of that size, the construction costs would be as follows: $315.8 million, including mitigation and other project costs.

17. UNDC advises that this estimate does not include the potential cost of converting meeting space to office space (estimated at $15-$25 million), pending a decision by the United Nations on whether any meeting rooms would remain in the new building.

E. Financial summary

18. New York City anticipates that UNDC would float bonds to finance the construction of the new building and that the income obtained from leasing the building to the United Nations would be used to service the bonds. The bonds would be tax-exempt (subject to United States Federal Government approval). The bond period would be 30 to 35 years, depending on interest rates. Interest rates are currently calculated at 5 per cent.

19. The interest on the bonds during construction would be capitalized and a debt service reserve would be established.

F. Lease purchase costs

20. The annual lease cost with a fixed base rent would total $24.8 million. This includes a fixed base rent only: operating rental costs would be similar to those in current leases. Energy costs would be reduced in UNDC-5.

21. The cost of outright purchase of UNDC-5 in 2005 is estimated as follows:

Building costs	$315.8 million
Construction loan and management costs	$19.2 million
Total	**$335.0 million**

22. The cost of purchase in later years is estimated as follows:

Purchase in 2010	$316.2 million
Purchase in 2016	$271.0 million
Purchase in 2036	Nil

23. The total cost of the new building to be constructed by UNDC is necessarily lower than the estimate for refurbishment of the existing United Nations Headquarters complex for two reasons:

(a) The *size* of the new building is approximately 900,000 square feet (83,613 square metres). The size of the seven buildings being refurbished under the capital master plan is approximately 2,636,607 square feet (244,949 square metres);

(b) The relative *efficiency of new construction* as compared with the refurbishment of existing buildings, particularly of buildings of extraordinary quality with characteristics that must be preserved. Refurbishment has additional intrinsic complexities:

- The removal of old materials, both visible and hidden
- The cost of removing hazardous materials
- The necessity of fitting new systems into existing situations, for example, new ductwork cutting through an existing wall — in a new building, the piping would be installed first
- The necessity of matching new materials to existing materials
- The need to protect existing building features, such as artwork or special panelling

These tend to add both time and cost in comparison with new construction.

Table AI.1
United Nations system office space summary — New York City

Building	*Organization*	*Before the capital master plan, 2002*		*2010, if no consolidation*		*After the capital master plan 2010, with new UNDC building*[a]	
		Space (ft²)	*Cost per year (US dollars)*	*Space (ft²)*	*Cost per year (US dollars)*	*Space (ft²)*	*Cost per year (US dollars)*
UNDC-1[b]	United Nations	189 569	4 170 518	189 569	4 834 010	0	0
	UNDP	149 574	3 290 628	149 574	3 814 137	0	0
Subtotal		**339 143**	**7 461 146**	**339 143**	**8 648 147**	**0**	**0**
UNDC-2[b]	United Nations	286 753	6 308 566	286 753	7 312 202	0	0
	United Nations storage	10 180	8 000	10 180	10 180	0	0
	UNDP	13 246	291 412	13 246	337 773	0	0
	Other organization	21 000	462 000	21 000	518 700	0	0
Subtotal		**331 179**	**7 069 978**	**331 179**	**8 178 855**	**0**	**0**
UNDC-3	UNICEF	180 491	1 591 134	180 491	5 865 958	180 491	5 865 958
UNDC-5[b]	United Nations	0	0	0	0	900 000	24 827 000
FF Building[c]	United Nations	97 745	3 024 083	97 745	3 671 815	0	0
	UNDP	179 473	3 829 005	179 473	3 908 435	126 163	2 747 452
Subtotal		**277 218**	**6 853 088**	**277 218**	**7 580 250**	**126 163**	**2 747 452**
Alcoa Building[d]	United Nations	30 845	1 458 352	30 845	1 829 741	0	0
Nigeria House[d]	United Nations	24 846	838 553	24 846	941 539	0	0
Uganda House[d]	United Nations	7 791	225 939	7 791	275 256	0	0
	UNDP	15 141	477 873	15 141	518 542	0	0
Subtotal		**22 932**	**703 812**	**22 932**	**793 798**	**0**	**0**
633 Third Avenue	UNICEF	94 769	1 591 134	94 769	1 591 134	94 769	1 591 134
Daily News Building	UNFPA	90 699	3 265 164	90 699	3 900 057	90 699	3 900 057
Chrysler Building	UNOPS	76 241	3 288 274	76 241	3 288 274	76 241	3 288 274
Total		**1 468 363**	**34 120 635**	**1 468 363**	**42 617 753**	**1 468 363**	**42 219 875**

(Footnotes on following page)

(Footnotes to Table A1.1)

Note: The number of square feet indicated here does not reflect potential space reductions in UNDC-5 due to greater efficiency. The table does not include archive and cargo spaces, which total 44,819 square feet.

Abbreviations: UNDP, United Nations Development Programme; UNICEF, United Nations Children's Fund; UNFPA, United Nations Population Fund; UNOPS, United Nations Office for Project Services.

[a] Assuming that all conference rooms are converted to office space.

[b] Base rent only; does not include operating rent.

[c] Assuming that part of UNDP would be relocated to UNDC-5.

[d] Or similar space at similar terms.

Table AI.2
United Nations office space summary — New York City (excludes UNICEF, UNFPA and UNOPS)

		Before the capital master plan, 2002		*2010, if no consolidation*		*After the capital master plan 2010, with new UNDC building*[a]	
Building	*Organization*	*Space (ft²)*	*Cost per year (US dollars)*	*Space (ft²)*	*Cost per year (US dollars)*	*Space (ft²)*	*Cost per year (US dollars)*
UNDC-1[b]	United Nations	189 569	4 170 518	189 569	4 834 010	0	0
	UNDP	149 574	3 290 628	149 574	3 814 137	0	0
Subtotal		**339 143**	**7 461 146**	**339 143**	**8 648 147**	**0**	**0**
UNDC-2[b]	United Nations	286 753	6 308 566	286 753	7 312 202	0	0
	United Nations storage	10 180	8 000	10 180	10 180	0	0
	UNDP	13 246	291 412	13 246	337 773	0	0
	Other organization	21 000	462 000	21 000	518 700	0	0
Subtotal		**331 179**	**7 069 978**	**331 179**	**8 178 855**	**0**	**0**
UNDC-5[b]	United Nations	0	0	0	0	900 000	24 827 000
FF Building[c]	United Nations	97 745	3 024 083	97 745	3 671 815	0	0
	UNDP	179 473	3 829 005	179 473	3 908 435	126 163	2 747 452
Subtotal		**277 218**	**6 853 088**	**277 218**	**7 580 250**	**126 163**	**2 747 452**
Alcoa Building[d]	United Nations	30 845	1 458 352	30 845	1 829 741	0	0
Nigeria House[d]	United Nations	24 846	838 553	24 846	941 539	0	0
Uganda House[d]	United Nations	7 791	225 939	7 791	275 256	0	0
	UNDP	15 141	477 873	15 141	518 542	0	0
Subtotal		**22 932**	**703 812**	**22 932**	**793 798**	**0**	**0**
Total		**1 026 163**	**24 384 929**	**1 026 163**	**27 972 330**	**1 026 163**	**27 574 452**

(Footnotes on following page)

(Footnotes to Table A1.2)

Note: The number of square feet indicated here does not reflect potential space reductions in UNDC-5 due to greater efficiency.

Abbreviations: UNDP, United Nations Development Programme; UNICEF, United Nations Children's Fund; UNFPA, United Nations Population Fund; UNOPS, United Nations Office for Project Services.

[a] Assuming that all conference rooms are converted to office space.

[b] Base rent only; does not include operating rent.

[c] Assuming that part of UNDP would be relocated to UNDC-5.

[d] Or similar space at similar terms.

Table AI.3
Inventory of buildings owned and leased by the United Nations in New York[a]

Building	*Year occupied by the United Nations*	*Gross floor area (m^2)*	*Storeys*	*Status*
United Nations Headquarters — Secretariat	1950	83 613	39, 4B	Owned
Conference building	1952	39 710	5, 2B	Owned
Conference building extension	1982	1 390	2	Owned
General Assembly building	1952	29 409	4, B	Owned
Dag Hammarskjöld Library	1962	11 018	4, 3B	Owned
South Annex building	1982	3 651	2	Owned
North Lawn — printing	1981	9 244	2B	Owned
Parking garage and service drive	1952	64 220	3B	Owned
UNITAR building	1954	2 694	5, B	Owned
Secretary-General's residence	1972	1 305	4, B	Owned
UNDC-1 building	1976	17 618	23	Rented
UNDC-2 building	1983	26 650	1-23	Rented
FF building — 304 East 45th St.	1995	10 483	7, 1B	Rented
Archives — 345 Park Ave. South (lease expired 31 July 2000)	1978	-	2	Rented
UNDC-2 building — storage	1981	946	2B	Rented
JFK airport — cargo space	1979	19	1	Rented
Alcoa building	2001	2 867	3	Rented
Falchi building	2000	2 747	2	Rented
Nigeria House	2000	2 309	4	Rented
Uganda House	2002	724	3	Rented
Total		**310 617**		

[a] The present table updates information presented in document A/54/628, annex I, table AI.1.

Table AI.4

Gross floor area of buildings occupied by the United Nations in New York[a]

Buildings owned and leased at nominal or no cost

(gross floor area (m^2))

Owned	*Leased at nominal or no cost*	*Total*
246 254	-	246 254

Buildings rented and/or leased at commercial rates

(gross floor area (m^2))

Rented	*Leased*	*Total*
64 363	-	64 363

[a] The present table updates information presented in document A/54/628, annex I, table AI.2.

Table AI.5

Summary of physical size of sites occupied by the United Nations in New York

(in hectares)[a]

Building	*Status*		*Total area, ownership and lease combined*
	United Nations ownership of land and buildings	*Lease at nominal or no cost*	
United Nations Headquarters	7.08	-	7.08

[a] The present table updates information presented in document A/54/628, annex I, table AI.2.

Annex II

Capital master plan: phase II, design development, and phase III, construction documents[a]

(cost estimates for 2003 and 2004, in thousands of United States dollars)

Year 2003	
1. Architectural and engineering design	
Phase II (100%), design development	8 300.0
Additional services (swing space and real estate and space programming, models and renderings)	1 000.0
Phase III (15%), construction documents	2 500.0
2. Construction manager	1 500.0
3. United Nations project management	
Direct staff costs	3 750.0
Support costs	1 600.0
Consultants (peer review, project management advice and support, advisory board) and inspections	1 000.0
Other costs	500.0
4. Provision for change from first approach to second approach	2 350.0
Total, 2003	**22 500.0**
Year 2004	
1. Architectural and engineering design	
Phase III (85%), construction documents	14 100.0
2. Construction manager	2 000.0
3. United Nations project management	
Direct staff costs	4 310.0
Support costs	1 440.0
Consultants (peer review, project management advice and support, advisory board) and inspections	150.0
Total, 2004	**22 000.0**

[a] Prepared based on implementation of the first approach, assuming total cost of scope of $991 million.

Annex III

Capital master plan management team

The recruitment of the United Nations team that will manage the capital master plan project will be undertaken in accordance with the Financial Regulations and Rules and the personal policies of the Organization, and will include:

(a) Retention of existing staff and recruitment of additional staff from within the United Nations on a temporary basis assigned specifically to the capital master plan project;

(b) Recruitment of staff from other United Nations organizations on a temporary basis assigned specifically to the project;

(c) Recruitment externally of staff on a temporary basis and consultants who would be assigned specifically to the project;

(d) The provision of project management services from a private-sector company using international competitive bidding.

Management team and support services start date and contract duration

	2003	2004	2005	2006	2007	2008	2009
Overall management							
Capital master plan senior manager							
Programme director							
Special assistant							
Administrative support							
Deputy director — architect							
Deputy director — engineer							
Project management							
Project managers							
Project managers							
Cost control							
Programme control manager							
Programme accountant							
Finance clerk							
Cost engineer							
Senior cost engineer							
Cost engineer							
Scheduling							
Senior scheduler							
Scheduler							
Contracts							
Contract administrator							
Document controller							
Site personnel							
Site engineer							
Quality assurance engineer							
Safety/security inspector							
Secretarial/administrative support							
United Nations Programme Management Support							
Oversight							
Coordination — Facilities Management Division							
Conference services							
Security							
Communications/public relations							

	2003	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*
Procurement							
Legal							
Human resources							
Treasury							
Budget							
Accounting							

United Nations A/57/7/Add.5

General Assembly

Distr.: General
16 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Implementation of projects financed from the Development Account

Sixth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the implementation of projects financed from the Development Account (A/57/360). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The report of the Secretary-General is submitted in accordance with General Assembly resolution 56/237, by which the Assembly decided to continue to keep the implementation of the Development Account under review and requested the Secretary-General to submit a report on the subject to the Assembly at its fifty-seventh session.

3. The Advisory Committee welcomes the streamlining of the presentation for the Development Account. The Committee recalls that, in its first report on the proposed programme budget for 2002-2003, it referred to the modalities for financing of the account and requested the Secretary-General to provide a thematic impact analysis of the projects and to expand the relevant tables to include the date of commencement, projected date of completion and the implementing agency for the project (see A/56/7, paras. XIII.1-XIII.5). The Committee notes that information regarding progress on all projects under tranches one and two, including an evaluation of their impact, as well as information on the commencement dates, implementing agencies and anticipated dates of completion, is now posted on the United Nations Development Account web site (www.un.org/esa/devaccount). Information provided to the Committee in this regard is contained in annexes I and II to the present report.

4. Paragraph 2 of the Secretary-General's report (A/57/360) indicates that, to date, 43 projects have been approved for implementation by the General Assembly at a total cost of $39.2 million. Moreover, as indicated in paragraph 2 and tables I, II

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and III of the report, 7 projects were financed under the first tranche of 1998-1999, of which 69.9 per cent of planned expenditures had been made as of 30 June 2002; 16 projects were financed under the second tranche of 2000-2001, of which 55.9 per cent of planned expenditures had been made as of the same date; and 20 projects are being financed under the third tranche for 2002-2003, of which 4.9 per cent of planned expenditures had been made as of 30 June 2002. The Committee notes that, as of 30 June 2002, an amount of $17 million has been spent of the $39.2 million approved.

5. The Committee notes the information in section III of the report of the Secretary-General on issues regarding the delivery of projects and in tables I, II and III, which contain data in terms of expenditure as of 30 June 2002. The problems encountered in launching, programming, formulating, identifying completion dates and reporting are summarized in paragraphs 14 to 21. As indicated in paragraph 14, the start-up of the first two tranches of the Development Account was slow in view of the need to establish procedures and protocols for its operations. A majority of the projects, therefore, only became operational in 2000. In addition, as indicated in paragraphs 18 and 19, none of the projects had been completed by the end of 2001 and their completion dates are now foreseen as much as one or two years later than originally indicated, complicating, for the time being, the issue of proper assessment of impact and accomplishments. The Committee trusts, however, that, in future, it should be easier to submit clearer statements with regard to meeting the objectives in General Assembly resolutions 53/220 A and B.

6. The Committee notes the improvements made in connection with the management of the account, reported in paragraphs 7 to 10 of the report, such as those related to the support of the integrated monitoring of the Development Account projects. Paragraph 10 indicates that the Executive Committee for Economic and Social Affairs increasingly serves as collective manager of the Account. **The Committee cautions that the Under-Secretary-General for Economic and Social Affairs is ultimately accountable for the management of the Development Account and that the role of the Executive Committee should therefore be to provide overall guidelines.**

7. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/57/360). The Committee is of the opinion, however, that the report in connection with the Development Account should be submitted in the context of the presentation of the proposed programme budget.**

Annex I

Development Account projects funded from section 34 of the programme budget for the biennium 1998-1999 (General Assembly resolutions 53/220 A and B)

	Project title	*Implementing office*	*Actual commencement date*	*Completion date*
A	Promotion of electronic commerce	UNCTAD	July 1999	December 2003
B	Capacity-building in economic and policy analysis in Africa through the networking of expertise	ECA	July 1999	June 2003
D	Computer and telecommunication system for international and national drug control	UNIDCP	July 1999	December 2003
E	Capacity-building and networking for the implementation of the Habitat Agenda in least developed countries	Habitat	July 1999	June 2003
F	On-line network of regional institutions for capacity-building in public administration and finance	DESA	August 1999	December 2003
G	Research network for economic policy analysis	DESA	February 2000	November 2002
H	Activities for capacity-building in developing countries in pursuance of the objectives of Agenda 21, the Copenhagen Declaration on Social Development and the Programme of Action of the World Summit for Social Development and the Beijing Declaration and Platform for Action	DESA	February 2000	December 2003

Annex II

Development Account projects funded from section 33 of the programme budget for the biennium 2000-2001 (A/C.5/54/37; General Assembly resolution 54/249, part IV)

	Project title	*Implementing office*	*Actual commencement date*	*Completion date*
A	Capacity-building in strategic planning and management of natural resources in Asia and the Pacific	ESCAP	March 2000	December 2003
B	Training programme on addiction rehabilitation and drug prevention in the workplace for Asia and the Pacific	UNIDCP	December 2000	December 2003
C	Capacity-building to improve water management and accelerate investments in the water sector	DESA/RC	May 2000	July 2003
D	Capacity-building in decision-making for sustainable development	DESA	September 2000	December 2003
E	Capacity-building for promoting gender equality in the African countries	DESA	November 2000	December 2004
F	Rational and efficient use of energy and water resources in Central Asia	ECE/ESCAP	May 2000	November 2003
G	Strengthening regional capacities for statistical development	DESA	August 2000	June 2003
H	Capacity-building and institutional development for equalization of opportunities for persons with disabilities	DESA	September 2000	June 2004
I	Enhancing the economic and social development policy capabilities in the countries of Latin America and the Caribbean	ECLAC	May 2000	June 2003
J	Development of a collaborative framework for integrated environment assessments and reporting for West Africa	UNEP	November 2000	July 2002

	Project title	*Implementing office*	*Actual commencement date*	*Completion date*
K	Sustainable waste management for African countries	UNCHS	November 2000	December 2003
L	Urban pollution of superficial and groundwater aquifers in Africa	UNEP/ECA	August 2000	September 2002
M	Capacity-building and policy networking for sustainable resource-based development	UNCTAD/UNU	March 2000	June 2002
N	Enhancing the capacity of developing countries and countries with economies in transition for effective integration in the multilateral trading system	UNCTAD	March 2000	June 2003
O	Capacity-building for debt sustainability analysis	UNCTAD	March 2000	December 2002
P	Capacity-building for diversification and commodity-based development	UNCTAD	March 2000	June 2003

United Nations A/57/7/Add.6

General Assembly

Distr.: General
17 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

United Nations Fund for International Partnerships

Seventh report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the United Nations Fund for International Partnerships (A/57/133). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee recalls that, following Robert Edward Turner's announcement on 18 September 1997 of a gift valued at $1 billion in support of United Nations causes, a United Nations Fund for International Partnerships (UNFIP) was created, on 1 March 1998, to interface with the United Nations Foundation (UNF). An agreement was signed on 12 June 1998 between the United Nations and the United Nations Foundation, the text of which is contained in the report of the Secretary-General on UNFIP dated 24 November 1998 (A/53/700, annex).

3. The report of the Secretary-General (A/57/133) was submitted in accordance with General Assembly decision 52/466 of 31 March 1998, in which the Assembly requested the Secretary-General to continue to inform it on a regular basis about the activities of UNFIP.

4. As indicated in the report, since the launching in 1998 of the partnership between UNFIP and the United Nations Foundation, a total of $423 million had been programmed as at the end of 2001, involving 222 projects in 120 countries and 33 United Nations implementing partners (see para. 35). As shown in the annex to the report of the Secretary-General, of this total amount programmed, $305.1 million represents contributions from UNF and $117.9 million represents contributions from other donors. Upon enquiry, the Advisory Committee received updated information indicating that the total amount programmed as at 31 August 2002 amounted to $484.6 million, of which $20.5 related to administrative support costs. The updated information provided to the Committee, including the status of

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cash transfers (by tranche) and the status of project implementation, is provided in the annex below.

5. The Advisory Committee notes from the report that a total of $111.9 million was programmed for 2001 as a result of the approvals related to the ninth and tenth funding rounds ($105.7 million) and intersessional requests ($6.2 million). Grants were approved for 55 projects for 2001, in the areas of population and women ($18.4 million), children's health ($32.2 million), peace, security and human rights ($19.2 million), environment ($36.8 million) and institution-building capacity ($5.2 million) (see paras. 46-48 and annex). Section II of the report provides information on the programme areas.

6. In the area of monitoring and evaluation, the Advisory Committee notes that the strategy includes four different components so as to ensure the cost-effective and efficient achievement of the goals in each of the major programmes (ibid., paras. 33-37). However, the Committee noted, during its exchange with the representatives of the Secretary-General, the large number of reports involved. A total of 137 annual progress reports were analysed in 2001 (ibid., para. 36), among other monitoring activities, yet this excludes quarterly reports for the 222 projects undertaken. **The Committee is of the opinion that the present process appears to be onerous and bureaucratic and that the time has come to assess the whole process and to streamline it. The Committee is of the opinion that it is necessary to analyse whether the reporting exercise has enabled UNFIP to become more focused, enabling it to better measure impact and to attain the objective indicated in the Secretary-General's report (see ibid., para. 37). As indicated therein, compelling evidence of the impact of projects supported by UNFIP and UNF will be critical to generating additional resources and creating public-private partnerships in support of United Nations causes (ibid.).**

7. **In this regard, the Advisory Committee notes and welcomes the focus in 2002 on evaluating clusters of projects designed to address a significant issue within a programme area (ibid.). Moreover, the Committee welcomes the utilization of a systems application in order to enhance the capacity of UNFIP to track project implementation and fund flows, thus streamlining the financial reporting modalities of its implementing partners (ibid., para. 51). More needs to be done, however, and the Committee looks forward to seeing evidence of progress in this regard in the next report on UNFIP.**

8. The Advisory Committee enquired about the recent volatility of the stock market and its possible effect on the donation. The Committee was informed that the donor's original pledge remained firm and that, in addition, the United Nations Foundation, in consultation with the United Nations, was considering how to strengthen its support to the United Nations through its advocacy and resource mobilization capacity. The Committee requests that additional information be provided in this regard in the context of the next report to be submitted to the General Assembly. The Committee expresses its appreciation for the continued commitment of the donor.

9. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.**

Annex

Project implementation reports

Implementation report 1

United Nations Foundation/United Nations Fund for International Partnerships

Status of cash transfers (by tranche)
for the period from May 1998 to 31 August 2002

(in United States dollars)

			1998-2002		
Funding round UNF Board meeting date	*Number of projects*	*Grant allocations approved by UNF inclusive of programme support costs*	*UNFIP requests to UNF*	*Deposits to UNFIP*	*Remittances to implementing partners*
Tranche 1/May 1998	21	20 915 000	20 915 000	20 915 000	20 915 000
Tranche 2/September 1998	17	31 991 665	30 436 286	30 436 286	30 334 341
Tranche 3/January 1999	25	32 350 261	29 613 892	29 613 868	29 604 494
Tranche 4/May 1999	13	91 395 995	88 148 534	88 148 534	87 506 369
Tranche 5/November 1999	34	58 961 117	49 890 461	49 890 461	49 550 815
Tranche 6/March 2000	10	15 993 777	10 472 315	10 079 195	10 079 195
Tranche 7/July 2000	28	41 283 199	25 726 604	25 726 604	24 996 134
Tranche 8/November 2000	13	16 858 843	11 430 787	11 229 435	11 229 435
Tranche 9/March 2001	36	88 028 698	63 374 059	58 039 816	58 039 816
Tranche 10/November 2001	17	35 083 553	10 508 056	7 180 993	7 110 993
Tranche 11/July 2002	16	26 570 000	700 000	250 000	250 000
Intersessional/1999-2002	16	25 209 917	17 035 786	16 637 897	16 247 660
Total	**246**	**484 642 025**	**358 251 780**	**348 148 089**	**345 864 252**

Implementation report 2

United Nations Foundation/United Nations Fund for International Partnerships

Summary status of project implementation (by tranche) for the period from May 1998 to July 2002 based on expenditure information received by 31 August 2002

(in United States dollars)

				1998-2002		
Funding round UNF Board meeting date	*Number of projects*	*Grant allocations approved by UNF*	*Projects approved by UNF UNFIP*[a]	*Funding approved by UNFIP UNF*	*Expenditure reported by implementing partners*	*Rates of implementation*[b] *(percentage)*
Tranche 1/May 1998	21	19 982 570	19 982 570	19 982 570	16 933 934	85
Tranche 2/September 1998	17	30 641 641	30 641 641	30 641 641	26 055 686	85
Tranche 3/January 1999	25	30 783 032	30 783 032	30 783 032	21 307 249	69
Tranche 4/May 1999	13	87 169 039	87 169 039	86 583 906	78 483 063	91
Tranche 5/November 1999	34	56 231 390	56 231 390	54 205 510	32 328 057	60
Tranche 6/March 2000	10	15 235 225	15 235 225	13 082 030	4 628 936	35
Tranche 7/July 2000	28	39 383 564	39 383 564	31 056 681	13 617 239	44
Tranche 8/November 2000	13	16 075 733	16 075 733	12 011 846	2 163 298	18
Tranche 9/March 2001	36	84 173 966	67 375 720	55 426 921	33 302 513	60
Tranche 10/November 2001	17	33 600 535	15 612 817	8 776 373	1 060 582	12
Tranche 11/July 2002	16	26 510 476	700 000	-	-	0
Intersessional/1999-2002	16	24 318 274	11 304 903	9 003 516	4 594 182	51
Total	**246**	**464 105 444**	**390 495 633**	**351 554 026**	**234 474 739**	**67**
Administrative support costs		20 536 574	18 609 583	17 043 864	12 751 619	N/A
Grand total	**246**	**484 642 018**	**409 105 216**	**368 597 890**	**247 226 358**	**N/A**

[a] This column includes the amounts of project budgets approved by UNFIP.

[b] The formula for the implementation rate is the ratio of expenditures to approved funding.

United Nations A/57/7/Add.7

General Assembly

Distr.: General
17 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2003

Eighth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee has considered the note by the Secretary-General (A/C.5/57/4) on a request for a subvention of $227,600 to the United Nations Institute for Disarmament Research (UNIDIR) resulting from the recommendation of the Board of Trustees of the Institute on the work programme of the Institute for 2003. During its consideration of the report, the Committee met with representatives of the Secretary-General.

2. As indicated in the note, the programme budget of the United Nations for the biennium 2002-2003, under section 4, Disarmament, contains a provision for $447,100 for the United Nations subvention to UNIDIR (ibid., para. 3). Of that amount, $219,500 has been utilized for 2002, leaving a balance of $227,600 for 2003.

3. In the report of the Director of UNIDIR on the proposed programme of work and budget of the Institute for the biennium 2002-2003, the Director indicates that the subvention, which is used to cover the costs of the Director and administration, is important not only economically, but also to ensure the independence of the Institute (A/57/302, para. 5).

4. **The Advisory Committee recommends that the Fifth Committee approve the request of $227,600 for UNIDIR for 2003.**

02-64688 (E) 171002

United Nations A/57/7/Add.8

General Assembly

Distr.: General
17 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Construction of additional office facilities at the Economic Commission for Latin America and the Caribbean

Ninth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the construction of additional office facilities at the Economic Commission for Latin America and the Caribbean (ECLAC) (A/57/467). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee notes that the report of the Secretary-General was submitted in accordance with the procedures outlined in its report on building construction (A/36/643). In this regard, the letter dated 10 September 2002 from the Chairman of the Advisory Committee to the Secretary-General is provided in the annex below. As indicated therein, the Committee concurred with the submission to the General Assembly of the proposal for construction of a new office building at the United Nations compound in Santiago.

3. The report of the Secretary-General indicates that the proposal for additional space results from the need to relocate 63 staff who currently occupy 608 square metres (m^2) of temporary office space that does not comply with safety requirements or provide adequate working conditions (A/57/467, para. 11). The proposed net addition of office space of 733 m^2 in the form of three modules would complete the "E"-shaped formation of the North Building. The proposed new space would allow 615 m^2 for the relocation of the 63 staff members and 118 m^2 of swing space. As further indicated in the report, this is based on standard office requirements per individual, as recommended by the Advisory Committee[1] and approved by the General Assembly in its decision 31/425 (ibid., para. 13).

4. The total cost of the construction amounts to $736,900 and is broken down in paragraph 15 of the report. The total duration is estimated at 14 months, including 5 months for the design, cost plan preparation, construction bidding and contract

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finalization stages, plus 9 months for the mobilization and construction stages (ibid., para. 14). Upon enquiry, the Advisory Committee was informed that ECLAC had carried out a pre-feasibility study in order to fine-tune the costs presented.

5. In connection with the administrative and funding arrangements for the proposed construction project (ibid., paras. 20-23), the Committee notes that the Secretary-General is proposing to fund the project from the available unutilized balance of the construction-in-progress account, which amounted to $8,753,000 as at 30 June 2002 as a result of additional income from investments. In view of the approved utilization of an amount of $7,711,800 for the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (see General Assembly resolution 56/270 of 27 March 2002), the unutilized balance of the construction-in-progress account amounts to $1,041,200.

6. The Advisory Committee further enquired as to the central management responsibility, which would be carried out by the Office of Central Support Services at Headquarters. The Committee was informed that since the ECLAC project was relatively small and well-defined, with a design derived from previously built modules already available, it would only require broad oversight by the Office to ensure observance of United Nations construction standards and procedures. The existing staff of the Planning, Design and Overseas Properties Section of the Facilities Management Division of the Office, therefore, can easily absorb the additional workload.

7. **In view of the above, the Advisory Committee recommends that the General Assembly authorize the construction of the three new modules, with an additional gross space of 733 m^2, as an extension to the North Building at the United Nations compound in Santiago. The Committee also recommends that the Assembly authorize the funding of the total estimated cost of $736,900 from the available balance of the construction-in-progress account.**

Notes

[1] *Official Records of the General Assembly, Thirty-first Session, Supplement No. 8* (A/31/8 and Add.1-26), document A/31/8/Add.4.

Annex

Letter dated 10 September 2002 from the Chairman of the Advisory Committee on Administrative and Budgetary Questions to the Secretary-General

The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/CN.1/R.1199) dated 24 June 2002 on the construction of additional office facilities at the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago, Chile. The Committee notes that the submission is in line with the procedures outlined in the report of the Advisory Committee (A/36/643), endorsed by the General Assembly in its resolution 37/237 of 21 December 1982, regarding the need to inform the Advisory Committee following the Secretary-General's determination of the need for a new construction or major alterations of existing premises.

As indicated in paragraph 12 of the report, the proposal for additional space results from the need to relocate 63 staff who currently occupy temporary office space which does not comply with safety requirements or provide adequate working conditions. The proposed net addition of 733 square metres, in the form of three modules, would complete the "E"-shaped formation of the North Building, allowing for 615 square metres for the relocation of the existing staff and for a remaining 118 square metres of swing space.

The Committee notes, as indicated in paragraphs 15-16, that the total cost for the construction of the extension to the North Building is expected to amount to $736,900, as broken down in paragraph 16 of the report, and that the total duration of the construction is estimated at 14 months, including 5 months for the design, cost plan preparation, construction bidding exercise, and contract finalization stages, plus 9 months for the mobilization and construction stages.

The Committee further notes that the Secretary-General is proposing to fund the new construction project in Santiago from the available unutilized balance of the construction-in-progress account, which, as indicated in paragraph 23 of the report amounted to $8,558,000[a] as at 31 December 2001 as a result of additional investment income. In view of the approved utilization of an amount of $7,711,800 for the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (see General Assembly resolution 56/270 of 27 March 2002), the unutilized balance of the construction-in-progress account therefore amounts to $846,200.

Under the circumstances, and taking into account the information provided by the representatives of the Secretary-General during the hearings conducted by the Advisory Committee on the subject, as well as the pre-feasibility study carried out by ECLAC in order to fine-tune the costs involved, the Committee concurs with the Secretary-General's intention to submit a proposal to the General Assembly for the construction of three new modules with an additional space capacity of 733 square

[a] Orally corrected from $8,453,000 during the hearings.

metres as an extension to the North Building at ECLAC. The Committee further concurs with the proposal to fund the estimated costs of $736,900 from the available balance of the construction-in-progress account in view of the assurances received that the final budgeted figures would not exceed the current estimates.

(*Signed*) C. S. M. **Mselle**
Chairman

United Nations A/57/7/Add.9

General Assembly

Distr.: General
23 October 2002

Original: English

Fifty-seventh session
Agenda items 112 and 120

Programme budget for the biennium 2002-2003

United Nations common system

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2002

Tenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General in document A/57/450 on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (ICSC) for 2002,[1] in particular their implications for the programme budget of the United Nations for 2002-2003. The Advisory Committee has confined its consideration of financial implications to those recommendations of ICSC which are dealt with in the statement by the Secretary-General.

2. In paragraph 23 of his statement, the Secretary-General indicates that the requirements under the regular budget resulting from the recommendations and decisions of ICSC have been estimated at $25,064,900 and that such requirements would be taken into consideration when computing the first performance report for the biennium 2002-2003, bearing in mind any decisions taken by the General Assembly.

3. The Commission recommended a differentiated real salary increase of the base/floor salary scale to address the low level of the net remuneration margin at the upper grades of the scale and to restore the overall level of the margin to the midpoint of 115. As indicated in paragraph 6 of the Secretary-General's statement, total annual financial implications for the United Nations regular budget for a 10-month period from 1 March to 31 December 2003 have been estimated at $20,434,100. This figure comprises $19,779,100 for the net remuneration increase, $463,300 in respect of mobility/hardship allowance and $191,700 in respect of the scale of separation payments. The Advisory Committee was informed that, should the General Assembly adopt the recommendation of the Commission for a

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differentiated real salary increase for Professional staff and higher, the $19.8 million for the net remuneration increase would be reflected in the performance report under salaries and allowances and the balance under common staff costs (see para. 7 below).

4. As indicated in paragraphs 8 to 13 of the statement, the Commission conducted surveys of best prevailing conditions of service for General Service and related categories of staff in Vienna and Geneva and the Language Teacher category in Geneva. The Vienna survey was carried out in April 2002 and the Geneva survey in January 2002. The Commission recommended new salary scales and increased rates for dependency allowances for both Vienna and Geneva. The revised rates have been implemented for Vienna effective April 2002 and for Geneva effective January 2002. The financial implications for the regular budget for the biennium 2002-2003 are estimated at $689,300 for Vienna for the 21-month period from 1 April 2002 to 31 December 2003 and $3,232,300 for Geneva for the 24-month period from 1 January 2002 to 31 December 2003.

5. As indicated in paragraphs 14 to 17 of the statement, following its review of the level of hazard pay, the Commission decided to maintain the current level for international staff and to increase the level for locally recruited staff from 20 to 30 per cent of the midpoint of local base salary scales, effective 1 January 2003. The annual financial implications for the regular budget are estimated at $342,500.

6. As a result of its review of the education grant, the Commission recommended increases in the maximum admissible expenditure level and in boarding costs. As indicated in paragraph 21 of the statement submitted by the Secretary-General, the annual financial implications for the regular budget are estimated at $366,700.

7. Upon enquiry, the Advisory Committee was informed that the performance report would clearly indicate requirements which relate to the recommendations of the Commission. **The Advisory Committee has no technical objection to the estimates of requirements under the regular budget resulting from the recommendations and decisions of ICSC.**

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 30* (A/57/30).

United Nations A/57/7/Add.10

General Assembly

Distr.: General
22 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Experience in applying the revised administrative arrangements approved by the General Assembly for the International Trade Centre UNCTAD/WTO in its decision 53/411 B

Eleventh report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/57/14) on the experience in applying the revised administrative arrangements approved by the General Assembly for the International Trade Centre UNCTAD/WTO (ITC) in its decision 53/411 B of 18 December 1998. During its consideration of the report, the Committee met with representatives of the Secretary-General who provided additional information.

2. The present report is submitted pursuant to General Assembly decision 55/483 of 14 June 2001, in which the Assembly endorsed the request of the Advisory Committee[1] that information be provided on experience in applying the revised administrative arrangements for ITC, as set out by the Assembly in its decision 53/411 B of 18 December 1998.

3. The Advisory Committee notes from the report of the Secretary-General that the revised administrative arrangements for ITC reflect the will of the governing bodies of both the United Nations and the World Trade Organization (WTO) to maintain their control and authority in respect of their share of resources assigned to ITC (A/C.5/57/14, para. 12).

4. The United Nations and WTO contribute jointly and equally to the financing of the regular budget of ITC. There is a section of the United Nations biennial programme budget and a section of the WTO annual regular budget for ITC. As such, ITC is subject to the different budgetary cycles and review processes of the two parent organizations (ibid., para. 2). The Advisory Committee notes that the new arrangements became effective for the biennium 2000-2001 (ibid., para. 7).

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5. The Advisory Committee also notes that the process for the approval of the ITC component of the United Nations programme budget for the biennium 2002-2003 and of the annual budgets of WTO for 2002 and 2003 resulted in numerous documents having to be produced by ITC and translated and distributed by the United Nations and WTO. The Committee further notes that experience has demonstrated that the revised arrangements have not done away with the need for ITC to prepare two separate budget documents (ibid., para. 8).

6. The action to be taken by the General Assembly is indicated in paragraph 15 of the report. **The Advisory Committee recommends approval of the Secretary-General's proposal to initiate consultations with ITC and WTO for a joint review of the arrangements.** The Committee will submit its further comments on the subject in the context of its consideration of the report of the Secretary-General to be submitted to the General Assembly through the Committee on the proposals for a possible reduction in the number of budgetary documents and simplification of the current approval process of the ITC programme budget.

Notes

[1] A/57/7/Add.10. For the final text, see *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 7*, para. 6.

United Nations A/57/7/Add.11

General Assembly

Distr.: General
25 October 2002

Original: English

Fifty-seventh session
Agenda Item 112
Programme budget for the biennium 2002-2003

Inter-organizational security measures: framework for accountability for the United Nations field security management system

Twelfth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General entitled "Inter-organizational security measures: framework for accountability for the United Nations field security management system" (A/57/365). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The Advisory Committee notes, as indicated in paragraph 2 of the report and further clarified by the representatives of the Secretary-General, that the report was prepared in consultation with the specialized agencies, programmes and funds of the United Nations system during meetings of the Inter-Agency Security Management Network, and was approved by the High-Level Committee on Management in accordance with its mandate to approve matters related to administrative and budgetary questions on behalf of the United Nations System Chief Executives Board for Coordination (CEB). The Committee commends the Secretary-General and the Inter-Agency Security Management Network for the well prepared and detailed report.

3. Upon enquiry, the Advisory Committee was informed that the new mechanism of accountability and responsibility in the area of field security outlined in the report would be implemented within currently authorized resources. **The Committee requests the Secretary-General to report to the General Assembly at its fifty-eighth session on the capacity in the Office of the United Nations Security Coordinator to monitor effectively the activities outlined in the report.**

4. **The Advisory Committee stresses the importance of adequate training in the process of implementing the new mechanism and welcomes the emphasis**

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placed on training in the report of the Secretary-General (see A/57/365, paras. 25-33).

5. The Advisory Committee enquired whether the Department of Peacekeeping Operations was covered in the new mechanism of accountability and responsibility in the area of field security. The Committee was informed that the Secretary-General would report to the General Assembly on the issue in the context of section VIII, paragraph 4, of Assembly resolution 56/255 of 24 December 2001, by which the Assembly requested the Secretary-General to conduct an evaluation of the United Nations security system, including the new security arrangements and the relationship and interaction between the Department of Peacekeeping Operations of the Secretariat and the Office of the United Nations Security Coordinator, and to report his findings and recommendations to the Assembly at its fifty-eighth session. **The Committee stresses the importance of the above-mentioned evaluation and urges its completion as soon as possible.**

6. The Advisory Committee was informed that a framework of cooperation on security issues with non-governmental organizations was being worked out. **The Committee welcomes this development and emphasizes the importance of devising a system for charging parties other than immediate partners in the United Nations security management system for services.**

7. The Advisory Committee was informed that, of the 100 posts authorized for the Office of the United Nations Security Coordinator in the field, 98 had been filled. Out of a total of 38 posts approved for Headquarters, 22 have been filled thus far, including 3 of the 7 posts financed under the support account for peacekeeping operations. The Committee was informed that, owing to a lack of office space, recruitment was being held back at Headquarters and that new, larger office facilities were expected to be available for the Office of the United Nations Security Coordinator in November 2002.

8. **The Committee recommends that the General Assembly take note of the mechanism of accountability and responsibility in the area of field security, which is now in place. The Committee also recommends that the Assembly request the Secretary-General to transmit the report to the Executive Heads of the specialized agencies and the International Atomic Energy Agency so that it may be made available to the legislative bodies of those specialized agencies and the International Atomic Energy Agency.**

United Nations A/57/7/Add.12

General Assembly

Distr.: General
25 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its substantive session of 2002

Thirteenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on revised estimates resulting from resolutions and decisions of the Economic and Social Council at its substantive session of 2002 (A/C.5/57/13). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. As indicated in paragraph 19 of the report, the estimated requirements for the biennium 2002-2003 arising from the resolutions adopted by the Economic and Social Council at its substantive session of 2002 amount to $1,866,300, of which $1,266,400 could be absorbed, leaving a requirement for appropriation of $599,900. The estimated additional requirements relate to Economic and Social Council decisions 2002/224 on the resumed 2002 session of the Committee on Non-Governmental Organizations, 2002/257 on the effects of structural adjustment policies and foreign debt on the full enjoyment of all human rights, particularly economic, social and cultural rights, 2002/270 on racism, racial discrimination, xenophobia and related intolerance, 2002/281 on the organization of the work of the fifty-ninth session of the Commission on Human Rights and 2002/285 on the second session of the Permanent Forum on Indigenous Issues.

3. The Advisory Committee notes the descriptions of the Economic and Social Council decisions provided in the report of the Secretary-General and the explanations of additional requirements arising from those decisions. As indicated in paragraph 20 of the report of the Secretary-General, such additional expenditures are to be dealt with in the context of the procedures established by the General Assembly in its resolutions 41/213 of 19 December 1986 and 42/211 of 21 December 1987 for the operation of the contingency fund. In accordance with those procedures, the Secretary-General will be presenting a consolidated statement of

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programme budget implications and revised estimates to the General Assembly prior to the conclusion of the first part of the fifty-seventh session of the Assembly. The Advisory Committee will revert to this matter in the context of its consideration of that statement.

United Nations A/57/7/Add.13

General Assembly

Distr.: General
25 October 2002

Original: English

Fifty-seventh session
Agenda item 112
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Programme budget for the biennium 2002-2003

Strengthening the terrorism prevention branch of the Secretariat

Fourteenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the strengthening of the Terrorism Prevention Branch of the Secretariat (A/57/152 and Corr.1, and Add.1 and Corr.1, and Add.2). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The above-mentioned report of the Secretary-General is submitted in response to General Assembly resolution 56/253 of 24 December 2001, by which the Assembly requested the Secretary-General to make proposals to strengthen the Terrorism Prevention Branch at the United Nations Office at Vienna in order to enable it to carry out its mandates as approved by the General Assembly, and to report thereon to the Assembly for its consideration.

3. The Advisory Committee notes that the report of the Secretary-General was initially submitted under item 102 of the provisional agenda (Crime prevention and criminal justice). Corrigenda were subsequently issued, submitting the report under item 112 (Programme budget for the biennium 2002-2003). The Committee also notes that the Third Committee adopted draft resolution A/C.3/57/L.10 on 10 October 2002.

4. The report of the Secretary-General (A/57/152 and Corr.1) provides a brief summary of the substantive, organizational and programmatic aspects of the activities related to the prevention and combat of terrorism (sect. II of the report), and proposals for a strengthened programme of work for fulfilling the expanded mandates (paras. 18-22). The focus is on the provision of assistance to Member States, upon request, for ratifying and implementing the 12 international conventions and protocols related to terrorism. In this connection, the Committee

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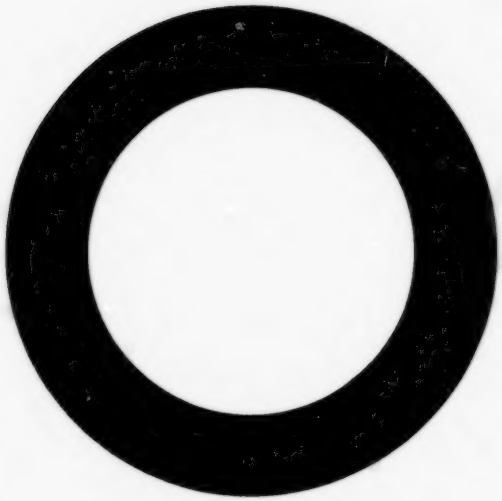
notes the proposed revisions to the medium-term plan for the period 2002-2005, as contained in paragraph 12.3 (f), under strategy for achieving the objectives, paragraph 12.7 (e), under expected accomplishments and paragraph 12.8 (b), under indicators of achievement (see A/57/6, (Prog. 12)).

5. The Committee also notes that the resources included in the programme budget for the biennium 2002-2003 provide for two Professional posts (1 P-5 and 1 P-4) and for consultants, contractual services, official travel of staff and printing. It further notes that the additional resources proposed by the Secretary-General to strengthen the Terrorism Prevention Branch for 2003 amount to $563,800 and that a breakdown of cost requirements is provided (A/57/152/Add.2, annex).

6. The Committee notes the course of action set out in paragraph 2 of the report of the Secretary-General (A/57/152/Add.2). As indicated therein, should the General Assembly approve the strengthening of the Terrorism Prevention Branch, additional costs amounting to $619,400, inclusive of staff assessment requirements, would arise, chargeable to the contingency fund, pursuant to the provisions of Assembly resolutions 41/213 and 42/211.

7. **Rather than proceed in the manner proposed by the Secretary-General, the Advisory Committee recommends that proposals for additional resources, including posts, be considered in the context of the proposed programme budget for the biennium 2004-2005.**

8. **The Committee recognizes that, if the course of action it is recommending is followed, it would mean that recruitment against such posts as may be approved by the General Assembly (in December 2003) for the biennium 2004-2005, may not be completed until near the end of 2004. In order to expedite this process, the Secretary-General could initiate the recruitment process during 2003, on the understanding that the candidates would be informed that the availability of the posts in question would be subject to the decision to be taken by the Assembly in the context of the programme budget for the biennium 2004-2005. In addition, the Secretary-General could, subject to availability of funds for the biennium 2002-2003, recruit staff on a temporary basis for 2003, on the understanding that the continuation of their functions, beyond 31 December 2003, would be subject to the approval by the Assembly of the related resources for the biennium 2004-2005.**



United Nations A/57/7/Add.14

General Assembly

Distr.: General
29 October 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

Conversion into established posts of some temporary assistance posts financed under section 2 of the programme budget

Cases in which incumbents of posts are being paid at a level other than the one provided for the post

Presentation of estimates of staff assessment

Additional expenditures deriving from inflation and currency fluctuations

Comprehensive review of the post structure of the United Nations Secretariat

Interim report on results-based budgeting for the biennium 2002-2003

Fifteenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee has considered the reports of the Secretary-General on conversion into established posts of some temporary assistance posts financed under section 2 of the programme budget (A/57/473); cases in which incumbents of posts are being paid at a level other than the one provided for the post (A/57/466); presentation of estimates of staff assessment (A/57/464); additional expenditures deriving from inflation and currency fluctuations (A/57/471); comprehensive review of the post structure of the United Nations Secretariat (A/57/483); and interim report on results-based budgeting for the biennium 2002-2003 (A/57/478). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

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I. Conversion into established posts of some temporary assistance posts financed under section 2 of the programme budget

2. The report of the Secretary-General (A/57/473) was submitted pursuant to the request of the General Assembly in its resolution 56/253 for specific proposals for the conversion of some temporary assistance posts financed under section 2, General Assembly affairs and conference services, of the programme budget (A/56/6 (sect. 2)), into established posts wherever that would measurably lead to higher efficiency and better quality of services. The Advisory Committee notes that it is the intention of the Secretary-General to evaluate the utilization of the temporary assistance resources before proposals are made for the conversion of such resources to established posts and that, should the evaluation support the conversion of resources, the necessary recommendations could be made in the context of the proposed programme budget for the biennium 2004-2005 (see ibid., para. 3).

3. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.**

II. Cases in which incumbents of posts are being paid at a level other than the one provided for the post

4. The report of the Secretary-General (A/57/466) is submitted in response to a request contained in General Assembly resolution 56/253. The Advisory Committee notes that as at 1 September 2002 there were 155 regular budget posts across all budget sections encumbered by staff whose personal grades were lower than the level of the occupied post. According to the Secretariat, this occurrence is not unusual, and it reflects managerial decisions by the heads of departments and offices to place, for a limited period of time, staff having sufficient qualifications and experience against the vacant posts, pending the completion of recruitment or placement of staff against those posts in accordance with the procedures of the staff selection system (see ibid., para. 3).

5. In addition, the Advisory Committee notes that at the time of the review, one case of a post encumbered by a staff member whose personal grade was higher than the budgeted level of the post had also been identified. It was explained that that was an exceptional case reflecting the Secretary-General's decision within his prerogatives and responsibilities as the Chief Administrative Officer of the Organization under the Charter of the United Nations (see ibid., paras. 4-5).

6. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.**

III. Presentation of estimates of staff assessment

7. The report of the Secretary-General (A/57/464) was submitted pursuant to paragraph 14 of General Assembly resolution 56/253, in which the Assembly requested the Secretary-General to report on options in regard to the format currently used for the presentation of estimates, gross and net, of staff assessment,

with a view to enhancing comparability with other organizations of the United Nations system.

8. The report contains an analysis of the current arrangements in use for staff assessment within the organizations of the United Nations system (ibid., paras. 6-10). According to the Secretary-General, these arrangements may be grouped into three broad categories, as follows: (a) organizations with a budgetary presentation on a net basis, with staff assessment added as an additional line item to arrive at a total budget or total appropriation on a gross basis, and with offsetting credits under tax equalization fund arrangements; (b) organizations with a budgetary presentation and total appropriation on a net basis, with reimbursements received under a tax reimbursement agreement; and (c) organizations with a budgetary presentation on a gross basis at the section level (i.e., staff costs under each budget section include any applicable taxes to be paid for staff members), with no reimbursement arrangements with member States in respect of taxes.

9. **The Advisory Committee shares the view of the Secretary-General (see ibid., para. 10) that, given the different arrangements in use at present throughout the United Nations system, a change in presentation from the format currently followed by the United Nations would not enhance overall comparability. The Committee recommends that the General Assembly take note of the report of the Secretary-General.**

IV. Additional expenditures deriving from inflation and currency fluctuations

10. The report of the Secretary-General (A/57/471) was submitted pursuant to paragraph 44 of General Assembly resolution 56/253, in which the Secretary-General was requested to submit an updated study on a comprehensive solution to the problem of additional expenditures deriving from inflation and currency fluctuations, taking into account Assembly resolution 41/213. The report recalls much of the earlier reviews of the issue of additional expenditures deriving from inflation and currency fluctuations and provides an updated study, taking into account the fluctuations in exchange rates and inflation experienced in recent years. The report also includes information previously recommended by the Advisory Committee for inclusion in subsequent reports on the subject.

11. The Advisory Committee notes from the report that the information contained therein did not give rise to any new solutions to the problem of additional expenditures deriving from inflation and currency fluctuations and that many of the earlier reviews and analyses on the subject remained relevant to the issue (ibid., para. 19).

12. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General.**

V. Comprehensive review of the post structure of the United Nations Secretariat

13. The report of the Secretary-General (A/57/483) is submitted pursuant to General Assembly resolution 54/249, in which the Secretary-General was requested to undertake a comprehensive review of the post structure of the United Nations Secretariat, taking into account the introduction of new technology, and to make proposals in the proposed programme budget for the biennium 2002-2003 to address the top-heavy post structure of the Organization. In its resolution 56/253, the Assembly noted with concern that the requested comprehensive review had not been submitted, and reiterated that the review should be submitted to it at its fifty-seventh session.

14. The Advisory Committee notes the view of the Secretary-General that the main conclusion that could be drawn from the comprehensive review was that the current post structure and distribution of posts in the Secretariat did not indicate any apparent anomalies that could be characterized as top-heaviness of the Secretariat structure vis-à-vis comparative post structures in other international organizations.

15. The Advisory Committee was provided with additional information on the post structure of the Secretariat; the Committee intends to use this information in the context of consideration of the proposed programme budget for the biennium 2004-2005. **The Committee recommends that the General Assembly take note of the report of the Secretary-General.**

VI. Interim report on results-based budgeting for the biennium 2002-2003

16. The report of the Secretary-General (A/57/478) was submitted in response to the request contained in General Assembly resolution 56/253. In the course of its review, the Advisory Committee also had before it a note by the Secretary-General transmitting a report of the Office of Internal Oversight Services on the implementation of all provisions of Assembly resolution 55/231 on results-based budgeting (A/57/474).

17. The Secretary-General indicated that the implementation of results-based budgeting had prompted managers to take a closer look at the raison d'être of their programmes, particularly in terms of the problems to be addressed, and to systematically track information on the progress made towards solving those problems; all Departments had acknowledged and welcomed the need for a change in the management culture by looking beyond the delivery of outputs and services and focusing more on the results of their work (A/57/478, para. 55).

18. The Advisory Committee will follow up and present its views on the implementation of results-based budgeting in the context of its consideration of the proposed programme budget for the biennium 2004-2005. **The Committee recommends that the General Assembly take note of the report of the Secretary-General.**

United Nations A/57/7/Add.15

General Assembly

Distr.: General
29 October 2002

Original: English

Fifty-seventh session
Agenda item 112 and 90 (b)

Programme budget for the biennium 2002-2003

Training and research

United Nations Institute for Training and Research

Sixteenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the United Nations Institute for Training and Research (UNITAR) (A/57/479). During its consideration of the report, the Committee met with representatives of the Secretary-General who provided additional information.

2. The report was submitted pursuant to General Assembly resolution 56/208 of 21 December 2001, in which the Secretary-General was requested to clarify why UNITAR did not benefit from rental rates and maintenance costs similar to those enjoyed by other organizations affiliated with the United Nations, such as the United Nations Institute for Disarmament Research (UNIDIR) and the United Nations Research Institute for Social Development (UNRISD) and further requested the Secretary-General to submit proposals on how to waive or reduce the rental rates and maintenance costs charged to UNITAR with a view to alleviating its current financial difficulties, which are aggravated by the practice of charging commercial rates.

3. UNITAR has been charged rent by the United Nations for premises it has occupied in Geneva since 1 January 1989 and in New York since 1 October 1996 (ibid., para. 3).

4. In accordance with paragraph 1 of General Assembly resolution 47/227 of 8 April 1993, the UNITAR building in New York was transferred to the United Nations in return for the cancellation of debt of the Institute and coverage of its financial obligations for 1992 in the amount of $15,989,000 (see A/C.5/47/82). In accordance with the same resolution, in the biennium 1998-1999 the amount of $283,215, consisting of negative balances on special-purpose grant projects and related to activities undertaken before 1992, was written off against United Nations reserves.

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5. The Advisory Committee notes that UNITAR has been able to continue its existing activities with no deficit and to expand its activities, operating exclusively on voluntary contributions and special-purpose grants. The Committee also notes that the analysis of the financial situation of the UNITAR General Fund shows that the Institute was in a position to continue paying for rent and maintenance, from its own resources, as it had done for the period from 1994 to 1998 (see A/57/479, para. 12).

6. The total annual requirements for rent and the maintenance of office space in New York and Geneva amount to $112,482. With the addition of messenger, security, shuttle and cleaning services provided by the United Nations Office at Geneva (amounting to $34,000 annually), annual requirements for UNITAR would amount to $146,482 (or $293,000 biennially). Current unpaid bills as at 30 September 2002 amount to $310,974, consisting of $270,869 owed to the United Nations and $40,105 to The Fondation immobilière pour organisations internationales, which manages the building in Geneva (ibid., para. 15).

7. As also indicated in the report, UNIDIR and UNRISD enjoyed benefits from reduced rental rates and maintenance costs (ibid., para. 16).

8. With regard to UNIDIR, pursuant to General Assembly resolution 39/148 H of 17 December 1984, the Institute receives a subvention from the regular budget of the United Nations towards meeting the costs of the Director and the staff of the Institute. UNIDIR is charged a rate of 5 per cent by the United Nations for administrative and support costs for the financial services provided to the Institute by the United Nations Office at Geneva (see ibid., para. 17).

9. In connection with UNRISD, the Advisory Committee notes that the Institute is accommodated free of charge and that it pays for programme support at the reduced rate of 8 per cent (ibid., para. 18).

10. The Advisory Committee also notes that the Secretariat is not in position to propose a waiver of the rental rates and maintenance costs charged to UNITAR without the express decision of the General Assembly (ibid., para. 19).

11. Should the General Assembly decide that the Institute should be provided with office space by the United Nations on a rent-free and maintenance-free basis, an additional provision of $293,000 would be required over and above the resources proposed under section 27, Management and central support services, of the programme budget for the biennium 2002-2003 (A/56/6 (Sect. 27)). This provision would represent a charge against the contingency fund and would be considered in the context of the consolidated statement to be presented by the Secretary-General in December 2002 in accordance with the provisions of Assembly resolution 42/211 of 21 December 1987.